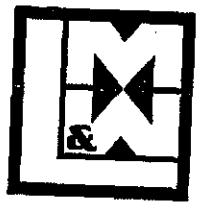


RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
SEPTEMBER 30, 2010, 2009 AND 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/6/11



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

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PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

This section of the Hospital's annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal years ended on September 30, 2010, 2009 and 2008. Please read it in conjunction with the financial statements beginning on page 3 and notes to the financial statements beginning on page 7 in this report.

Financial Highlights

- Total assets increased by approximately \$186,000, \$770,000 and \$291,000 during fiscal years 2010, 2009 and 2008, respectively. These increases were due in large part to increases in capital assets. The Hospital's total assets decreased by approximately \$762,000 or 11% during fiscal year 2007. A contributing factor was the recording of liability for overpayment of UCC in fiscal year 2007 in the amount of \$284,000 coupled with a decrease in cost report settlement received at year end. In fiscal year 2010 the 2007 UCC was audited and \$220,000 of this liability was reversed.
- During fiscal year 2010, the Hospital's total operating revenues increased approximately \$299,000 compared to a decrease of \$1,091,000 in fiscal year 2009. In fiscal year 2008 operating revenues decreased by \$67,000. Changes in accounting principles changed the elements included in operating revenue. Grants are now included in either nonoperating revenue or as capital grants. This reclassification greatly affected the 2009 operating income amount. The Hospital had operating losses of \$898,000, \$1,197,000 and \$6,000 in fiscal years 2010, 2009 and 2008, respectively. Nonoperating revenues of grants totaling \$1,532,000 were received in FY 2009 to be used for information technology, purchase of the physician building and various projects relating to quality assurance and bioterrorism. Capital grants of \$213,000 and receipts of \$326,000 from sale of 23% of 33% of the minority interest of a home health company were nonoperating revenue in FY 2010.
- Net patient service revenue increased in fiscal year 2010 by \$1,538,000 and decreased in 2009 by \$664,000 with corresponding increases in 2010 and 2009 expenses of \$1,077,000 and \$597,000, respectively. In fiscal year 2008, net patient service revenue increased by approximately \$1,181,000 with an increase in expenses of \$1,181,000. Increases in charge master rates and outpatient volume contributed to the net patient service revenue increase in fiscal years 2010, 2009 and 2008. Medicaid rates increased to 110% of cost for both inpatient and outpatient services in July 2008.
- The Hospital had net assets of approximately \$3,180,000 as of September 30, 2010.

Required Financial Statements

The financial statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements offer short-term and long-term financial information about its activities. The balance sheets include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the statements of revenue, expenses and changes in net assets. This statement measures improvements in the Hospital's operations over the past two years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statements of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing and financing activities and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

Financial Analysis of the Hospital

The balance sheets and the statements of revenue, expenses and changes in net assets report information about the Hospital's activities. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations and changes in managed care contracting should also be considered.

Net Assets

A summary of the Hospital's Balance Sheets is presented in Table 1 below:

TABLE 1
Condensed Balance Sheets

	<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>
Total current assets	\$ 2,588,749	\$	2,772,906	\$	2,924,302	\$	2,786,582
Capital assets - net	4,256,133		3,914,890		2,993,416		2,829,758
Other assets	<u>297,206</u>		<u>268,078</u>		<u>268,578</u>		<u>278,459</u>
 Total assets	 \$ <u>7,142,088</u>	\$	 <u>6,955,874</u>	\$	 <u>6,186,296</u>	\$	 <u>5,894,799</u>
 Current liabilities	 \$ 3,057,918	\$	 2,894,616	\$	 2,257,541	\$	 2,107,900
Long-term debt outstanding and other long-term liabilities	<u>903,625</u>		<u>524,453</u>		<u>676,287</u>		<u>513,864</u>
 Total liabilities	 <u>3,961,543</u>		 <u>3,419,069</u>		 <u>2,933,828</u>		 <u>2,621,764</u>
 Invested in capital assets, net of related debt	 2,736,766		 2,977,168		 1,870,932		 1,697,386
Unrestricted net assets	<u>443,779</u>		<u>559,637</u>		<u>1,381,536</u>		<u>1,575,649</u>
 Total net assets	 <u>3,180,545</u>		 <u>3,536,805</u>		 <u>3,252,468</u>		 <u>3,273,035</u>
 Total liabilities and net assets	 \$ <u>7,142,088</u>	\$	 <u>6,955,874</u>	\$	 <u>6,186,296</u>	\$	 <u>5,894,799</u>

As can be seen in Table 1, total assets increased by \$186,000, \$770,000 and \$291,000 in fiscal years 2010, 2009 and 2008, respectively; and decreased by \$762,000 in fiscal year 2007. The increases in fiscal years 2010, 2009 and 2008, were due in large part to increases in capital assets. In FY 2010 the physician office building renovation was completed and equipment was leased through capital leases. The new computer system, software and hardware, cost over \$1,000,000 and was purchased with grant funds in fiscal year 2009. Also in 2009, a physician clinic building was purchased for \$300,000 with grant funds. Decrease in estimated third party payor settlements was one of the major factors for the decrease in fiscal year 2007. Decreases in Capital asset balances also contributed and were due to disposal of obsolete equipment with the related accumulated depreciation.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

Summary of Revenue, Expenses and Changes in Net Assets

The following table presents a summary of the Hospital's historical revenues and expenses for each of the fiscal years ended September 30, 2010, 2009, 2008 and 2007.

TABLE 2
Condensed Statements of Revenue, Expenses and
Changes in Net Assets

	<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>
Revenue:							
Net patient service revenue	\$ 12,626,273	\$	11,088,303	\$	11,752,454	\$	10,571,822
Sales tax revenue	543,788		558,102		589,538		556,395
Other revenue	<u>157,245</u>		<u>304,744</u>		<u>203,738</u>		<u>303,371</u>
Total revenue	13,327,306		11,951,149		12,545,730		11,431,588
Expenses:							
Salaries and benefits	7,170,991		7,014,783		6,716,190		6,236,868
Medical supplies and drugs	1,634,790		1,510,565		1,764,135		1,412,719
Insurance	320,075		292,962		301,993		319,413
Professional fees	1,712,361		1,357,477		1,209,779		1,148,765
Other expenses	2,521,455		2,266,104		2,091,179		1,820,016
Depreciation and amortization	<u>865,543</u>		<u>706,314</u>		<u>468,102</u>		<u>432,107</u>
Total expenses	<u>14,225,215</u>		<u>13,148,205</u>		<u>12,551,378</u>		<u>11,369,888</u>
Operating income (loss)	<u>(897,909)</u>		<u>(1,197,056)</u>		<u>(5,648)</u>		<u>61,700</u>
Nonoperating income:							
Interest expense	(54,399)		(53,312)		(66,461)		(68,885)
Interest income	1,531		2,486		22,423		8,822
Operating grants	970		23,786		9,950		43,811
Gain (loss) on disposal of assets	<u>380,133</u>		<u>-0-</u>		<u>-0-</u>		<u>(6,415)</u>
Excess of revenue (expenses) before capital grants	(569,674)		(1,224,096)		(39,736)		39,033
Capital grants	<u>213,414</u>		<u>1,508,433</u>		<u>19,169</u>		<u>-0-</u>
Increase (decrease) in net assets	(356,260)		284,337		(20,567)		39,033
Net assets at beginning of year	<u>3,536,805</u>		<u>3,252,468</u>		<u>3,273,035</u>		<u>3,234,002</u>
Net assets at end of year	\$ <u>3,180,545</u>	\$	<u>3,536,805</u>	\$	<u>3,252,468</u>	\$	<u>3,273,035</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

Sources of Revenue

Operating Revenue

During fiscal year 2010, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payers, who receive care in the Hospital's facilities. In July of 2008 Medicaid increased reimbursement to 110% of cost for inpatient and outpatient charges.

The Hospital was overpaid by \$445,000 and \$63,000 in Uncompensated Care reimbursement in fiscal years 2008 and 2007. These overpayments were recorded as adjustments to operating revenue. Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes cafeteria sales, sales tax revenue and home health joint venture payments.

Capital Assets

During fiscal year 2010, total capital assets increased by \$372,000 due primarily to equipment leases and purchases and renovations to a physician clinic building with disposals of \$841,000. In 2009 capital assets increased \$1,621,000. They increased by \$611,000 in 2008 compared to a decrease of \$723,000 in 2007. The decrease in fiscal year 2007 was the result of disposal of obsolete fully depreciated equipment, the sale of surplus equipment and the sale of the equipment used in labor and delivery.

TABLE 3
Capital Assets

	September 30, <u>2010</u>	September 30, <u>2009</u>	September 30, <u>2008</u>	September 30, <u>2007</u>
Land and land improvements	\$ 255,927	\$ 255,927	\$ 255,927	\$ 255,927
Buildings and fixed equipment	5,647,126	5,335,041	5,010,696	5,010,696
Leasehold improvements	4,679	4,679	4,679	4,679
Equipment	5,862,373	5,767,883	4,503,944	3,895,130
Construction in progress	<u>-0-</u>	<u>35,071</u>	<u>2,400</u>	<u>-0-</u>
Total	11,770,105	11,398,601	9,777,646	9,166,432
Less: accumulated depreciation	<u>7,513,972</u>	<u>7,483,711</u>	<u>6,784,230</u>	<u>6,336,674</u>
Net capital assets	\$ <u>4,256,133</u>	\$ <u>3,914,890</u>	\$ <u>2,993,416</u>	\$ <u>2,829,758</u>

Renovations of the physician office building were completed in fiscal year 2010 for \$312,000. Equipment was either purchased or leased for \$935,000. The significant increase during 2009 is due to purchasing of new computer system including software and hardware with a purchase of a clinic building for a total increase of \$1,621,000. In fiscal year 2008 the increase can be attributed to the acquisition of equipment through capital leases for Laboratory, Security, Surgery and Nursing. Net capital assets decreased during 2007 because of removal of unusable and discarded assets from the depreciation schedule.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

Long-term Debt

The Hospital's noncurrent portion of long-term debt was \$904,000, \$524,000 and \$676,000 at end of fiscal years 2010, 2009 and 2008, respectively. The current portion of long-term debt was \$616,000, \$413,000 and \$446,000 for fiscal years 2010, 2009 and 2008. At year end the Hospital owed \$325,000 on Certificate of Indebtedness 2010 Series. Current portion of long-term debt outstanding represents 9% of the Hospital's total assets at September 30, 2010, as compared to 6% in 2009 and 7% in 2008.

Contacting the Hospital's Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Riverland Medical Center Administration.



LESTER, MILLER & WELLS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Parishwide Hospital Service District
Parish of Concordia, State of Louisiana
(d/b/a Riverland Medical Center)
Ferryday, Louisiana

We have audited the accompanying financial statements of Parishwide Hospital Service District of the Parish of Concordia, State of Louisiana, d/b/a Riverland Medical Center (the "Hospital" or "District"), a component unit of the Concordia Parish Police Jury, as of and for the years ended September 30, 2010, 2009 and 2008, as listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverland Medical Center, as of September 30, 2010, 2009 and 2008, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Riverland Medical Center will continue as a going concern. As discussed in Note 19 to the financial statements, under existing circumstances, there is substantial doubt about the ability of Riverland Medical Center to continue as a going concern at September 30, 2010. Management's plans in regard to that matter also are described in Note 19. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of Commissioners
Parishwide Hospital Service District
Parish of Concordia, State of Louisiana
(d/b/a Riverland Medical Center)
Ferryday, Louisiana
Page Two

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis on pages "i" through "v" is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Lesta, Melle & Wells

Certified Public Accountants
Alexandria, Louisiana
February 14, 2011



PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
BALANCE SHEETS
SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Current Assets			
Cash and cash equivalents (Note 3)	\$ 238,653	\$ 339,691	\$ 278,993
Accounts receivable, net of estimated uncollectibles (Note 4)	1,781,361	1,887,552	2,214,421
Inventory	490,686	457,399	337,134
Prepaid expenses	68,306	62,710	82,246
Other receivables	9,743	25,554	11,508
Total Current Assets	<u>2,588,749</u>	<u>2,772,906</u>	<u>2,924,302</u>
Non-Current Assets			
Capital assets, net (Note 5)	4,256,133	3,914,890	2,993,416
Other assets (Note 6)	<u>297,206</u>	<u>268,078</u>	<u>268,578</u>
Total Assets	<u>\$ 7,142,088</u>	<u>\$ 6,955,874</u>	<u>\$ 6,186,296</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 571,347	\$ 407,494	\$ 358,421
Accrued expenses and withholdings payable (Note 7)	1,258,684	1,303,896	1,190,855
Estimated third-party payor settlements	612,145	769,957	262,068
Current maturities of long-term debt (Note 10)	615,742	413,269	446,197
Total Current Liabilities	<u>3,057,918</u>	<u>2,894,616</u>	<u>2,257,541</u>
Long-term debt, net of current maturities (Note 10)	<u>903,625</u>	<u>524,453</u>	<u>676,287</u>
Total Liabilities	<u>3,961,543</u>	<u>3,419,069</u>	<u>2,933,828</u>
Net Assets			
Invested in capital assets, net of related debt	2,736,766	2,977,168	1,870,932
Unrestricted net assets	443,779	559,637	1,381,536
Total Net Assets	<u>3,180,545</u>	<u>3,536,805</u>	<u>3,252,468</u>
Total Liabilities and Net Assets	<u>\$ 7,142,088</u>	<u>\$ 6,955,874</u>	<u>\$ 6,186,296</u>

See accompanying notes to financial statements.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenue			
Net patient service revenue	\$ 12,626,273	\$ 11,088,303	\$ 11,752,454
Sales tax revenue (Note 13)	543,788	558,102	589,538
Other	<u>157,245</u>	<u>304,744</u>	<u>203,738</u>
Total Revenue	<u>13,327,306</u>	<u>11,951,149</u>	<u>12,545,730</u>
Expenses			
Salaries and benefits	7,170,991	7,014,783	6,716,190
Medical supplies and drugs	1,634,790	1,510,565	1,764,135
Professional fees	1,712,361	1,357,477	1,209,779
Other expenses	2,120,212	1,904,981	1,683,363
Lease expense	60,535	43,654	76,819
Insurance	320,075	292,962	301,993
Retirement	340,708	317,469	330,997
Depreciation and amortization	<u>865,543</u>	<u>706,314</u>	<u>468,102</u>
Total Expenses	<u>14,225,215</u>	<u>13,148,205</u>	<u>12,551,378</u>
Operating Income (Loss)	<u>(897,909)</u>	<u>(1,197,056)</u>	<u>(5,648)</u>
Non-Operating Income (Expenses)			
Interest expense	(54,399)	(53,312)	(66,461)
Interest income	1,531	2,486	22,423
Operating grants	970	23,786	9,950
Gain (loss) on disposal of assets	<u>380,133</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues (Expenses) before Capital Grants	(569,674)	(1,224,096)	(39,736)
Capital grants	<u>213,414</u>	<u>1,508,433</u>	<u>19,169</u>
Increase (Decrease) in Net Assets	(356,260)	284,337	(20,567)
Net Assets at Beginning of Year	<u>3,536,805</u>	<u>3,252,468</u>	<u>3,273,035</u>
Net Assets at End of Year	\$ <u>3,180,545</u>	\$ <u>3,536,805</u>	\$ <u>3,252,468</u>

See accompanying notes to financial statements.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 12,574,652	\$ 11,923,061	\$ 11,732,832
Other operating cash receipts	716,844	848,800	794,537
Cash paid to employees and for employee-related cost	(7,556,910)	(7,219,211)	(4,808,597)
Cash payments for other operating expenses	<u>(5,723,004)</u>	<u>(5,161,295)</u>	<u>(7,071,253)</u>
Net cash provided (used) by operating activities	<u>11,582</u>	<u>391,355</u>	<u>647,519</u>
Cash flows from investing activities:			
Other changes in investments	(1,909)	(46)	9,335
Sale of minority interest in home health	326,317	-0-	-0-
Loans to students and amortization of loans	(53,000)	(5,544)	(20,000)
Interest income	<u>1,531</u>	<u>2,486</u>	<u>22,423</u>
Net cash provided (used) by investing activities	<u>272,939</u>	<u>(3,104)</u>	<u>11,758</u>
Cash flows from financing activities:			
Principal payments on short-term debt	(200,000)	(200,000)	(400,000)
Interest expense on short-term debt	(11,365)	(2,469)	(12,290)
Proceeds from grants	970	23,786	9,950
Proceeds from short-term debt	<u>325,000</u>	<u>200,000</u>	<u>200,000</u>
Net cash provided (used) by financing activities	<u>114,605</u>	<u>21,317</u>	<u>(202,340)</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term debt	(320,354)	(260,721)	(265,707)
Interest expense on long-term debt	(43,034)	(50,843)	(54,171)
Proceeds from long-term debt	-0-	75,959	455,819
Proceeds from disposal of assets	53,816	-0-	-0-
Proceeds from capital grants	213,414	1,508,433	19,169
Acquisition of capital assets	<u>(404,006)</u>	<u>(1,621,698)</u>	<u>(611,214)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(500,164)</u>	\$ <u>(348,870)</u>	\$ <u>(456,104)</u>

See accompanying notes to financial statements.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net increase (decrease) in cash and cash equivalents	\$ (101,038)	\$ 60,698	\$ 833
Beginning cash and cash equivalents (overdraft)	<u>339,691</u>	<u>278,993</u>	<u>278,160</u>
Ending cash and cash equivalents (overdraft)	\$ <u>238,653</u>	\$ <u>339,691</u>	\$ <u>278,993</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	\$ <u>54,399</u>	\$ <u>53,312</u>	\$ <u>66,461</u>
Equipment acquired under capital lease	\$ <u>776,999</u>	\$ <u>76,186</u>	\$ <u>428,649</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ (897,909)	\$ (1,197,056)	\$ (5,648)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	865,543	706,314	468,102
Changes in:			
Net patient accounts receivable	106,191	326,869	(231,159)
Estimated third-party payor settlements	(157,812)	507,889	217,785
Inventory	(33,287)	(120,265)	61,559
Prepaid expenses	(5,596)	19,536	37,700
Other receivables	15,811	(14,046)	(4,987)
Accounts payable	163,853	49,073	128,233
Accrued expenses and withholdings payable	<u>(45,212)</u>	<u>113,041</u>	<u>(24,066)</u>
Net cash provided (used) by operating activities	\$ <u>11,582</u>	\$ <u>391,355</u>	\$ <u>647,519</u>

See accompanying notes to financial statements.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Parishwide Hospital Service District of the Parish of Concordia, State of Louisiana (referred to as "the District" or the "Hospital") was created by an ordinance of the Concordia Parish Police Jury on April 26, 1961, and was referred to as Concordia Parish Hospital until January 13, 1986, when the name was changed to Riverland Medical Center.

The District is a political subdivision of the Concordia Parish Police Jury whose jurors are elected officials. Its commissioners are appointed by the Concordia Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Concordia Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides outpatient, emergency, inpatient acute hospital services, skilled nursing (through "swing bed"), clinic and home health services (by joint venture effective July 15, 2000). On November 1, 2004, the Hospital converted to a 25 bed critical access hospital (CAH).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The Hospital uses the enterprise method of accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, as amended, the District has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

forth in the Louisiana Governmental Audit Guide, and to the AICPA, Audit and Accounting Guide - Health Care Organizations, published by the American Institute of Certified Public Accountants, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities of more than 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Capital Assets

Capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value on the date of their donation. The District uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings	25 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 15 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the years of disposal. Gains or losses resulting from property disposal are currently credited or charged to nonoperating revenue.

Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets of the District are classified in four components. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. Restricted non expendable net assets equal the principal portion of permanent endowments. The District has no restricted expendable or non expendable net assets at this time. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

Revenue and Expenses

The District's statements of revenue, expenses and changes in net assets distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District's principal activity. Operating revenue also includes sales taxes passed to provide the District with revenue to operate and maintain the District. Non exchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and Contributions

From time to time, the District receives grants and contributions from the State of Louisiana, individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after non operating revenues and expenses.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Credit Risk

The District provides medical care to Concordia Parish residents and grants credit to patients, substantially all of whom are local residents. The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 11. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies and managed care health plans, under which the District is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of September 30, 2010, the balances reported by financial institutions for cash totaled \$397,709. Of the total, \$293,598 was covered by federal depository insurance and \$104,111 was collateralized with securities held by the pledging bank in the District's name.

As of September 30, 2009, the balances reported by financial institutions for cash totaled \$385,828. Of the total, \$352,116 was covered by federal depository insurance and \$33,712 was collateralized with securities held by the pledging bank in the District's name.

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2008, the balances reported by financial institutions for cash totaled \$425,173. Of the total, \$143,598 was covered by federal depository insurance and \$281,575 was collateralized with securities held by the pledging bank in the District's name.

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit, certificates of deposit and savings accounts which are secured by FDIC or pledged of securities and government backed mutual or trust funds.

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at September 30, 2010, 2009 and 2008.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment takes to mature, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The carrying amounts of deposits are included in the District's balance sheets as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Carrying amount			
Deposits	\$ <u>238,653</u>	\$ <u>339,691</u>	\$ <u>278,993</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ <u>238,653</u>	\$ <u>339,691</u>	\$ <u>278,993</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net patient accounts receivable	\$ 4,617,361	\$ 3,612,552	\$ 3,636,421
Estimated uncollectibles	<u>(2,836,000)</u>	<u>(1,725,000)</u>	<u>(1,422,000)</u>
Total	\$ <u>1,781,361</u>	\$ <u>1,887,552</u>	\$ <u>2,214,421</u>

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NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

The following is a summary of the mix of receivables from patients and third-party payors at September 30:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Medicare	47%	54%	50%
Medicaid	18%	19%	16%
Commercial and other third-party payors	26%	24%	25%
Self-pay	<u>9%</u>	<u>3%</u>	<u>9%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation:

	September 30, <u>2009</u>	<u>Additions</u>	<u>Dispositions</u>	September 30, <u>2010</u>
Land	\$ 116,996	\$ -0-	\$ -0-	\$ 116,996
Land improvements	138,931	-0-	-0-	138,931
Leasehold improvements	4,679	-0-	-0-	4,679
Building & fixed equipment	5,335,041	312,085	-0-	5,647,126
Major moveable equipment	5,767,883	935,527	841,037	5,862,373
Construction in progress	<u>35,071</u>	<u>-0-</u>	<u>35,071</u>	<u>-0-</u>
Total	11,398,601	1,247,612	876,108	11,770,105
Accumulated depreciation	<u>7,483,711</u>	<u>839,762</u>	<u>809,501</u>	<u>7,513,972</u>
Net capital assets	\$ <u>3,914,890</u>	\$ <u>407,850</u>	\$ <u>66,607</u>	\$ <u>4,256,133</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, 2008	Additions	Dispositions	September 30, 2009
Land	\$ 116,996	\$ -0-	\$ -0-	\$ 116,996
Land improvements	138,931	-0-	-0-	138,931
Leasehold improvements	4,679	-0-	-0-	4,679
Building & fixed equipment	5,010,696	324,345	-0-	5,335,041
Major moveable equipment	4,503,944	1,302,534	38,595	5,767,883
Construction in progress	2,400	35,071	2,400	35,071
Total	9,777,646	1,661,950	40,995	11,398,601
Accumulated depreciation	6,784,230	699,481	-0-	7,483,711
Net capital assets	\$ 2,993,416	\$ 962,469	\$ 40,995	\$ 3,914,890

	September 30, 2007	Additions	Dispositions	September 30, 2008
Land	\$ 116,996	\$ -0-	\$ -0-	\$ 116,996
Land improvements	138,931	-0-	-0-	138,931
Leasehold improvements	4,679	-0-	-0-	4,679
Building & fixed equipment	5,010,696	-0-	-0-	5,010,696
Major moveable equipment	3,895,130	608,814	-0-	4,503,944
Construction in progress	-0-	2,400	-0-	2,400
Total	9,166,432	611,214	-0-	9,777,646
Accumulated depreciation	6,336,674	447,556	-0-	6,784,230
Net capital assets	\$ 2,829,758	\$ 163,658	\$ -0-	\$ 2,993,416

The hospital facility was originally built by the Concordia Parish Police Jury which issued ad valorem tax bonds to finance its construction. The facility assets were transferred to the District's financial statements with corresponding increases in fund balance.

Capital assets include fully depreciated assets which are still in service in the amount of \$4,641,648, \$4,422,311 and \$3,552,549 for 2010, 2009 and 2008, respectively.

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NOTE 5 - CAPITAL ASSETS (Continued)

A summary of assets held under capital leases, which are included in capital assets, at September 30 follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equipment	\$ 1,597,167	\$ 1,520,981	\$ 1,100,581
Accumulated depreciation	<u>(1,201,276)</u>	<u>(913,354)</u>	<u>(712,289)</u>
Total	\$ <u>395,891</u>	\$ <u>607,627</u>	\$ <u>388,292</u>

NOTE 6 - OTHER ASSETS

Other assets consist of the following:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Notes receivable from medical students and doctors less estimated uncollectibles	\$ 136,141	\$ 105,317	\$ 110,861
Notes receivable from nursing students	6,941	7,500	2,500
Unamortized bond issue cost	1,866	2,412	2,959
LHA Trust Fund equity	<u>152,258</u>	<u>152,849</u>	<u>152,258</u>
Total	\$ <u>297,206</u>	\$ <u>268,078</u>	\$ <u>268,578</u>

NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at September 30 consist of the following:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
State and federal taxes payable	\$ -0-	\$ 5,888	\$ 2,582
Accrued salaries and fees payable	313,831	271,991	251,225
Accrued compensated absences	529,728	532,203	500,082
Payroll withholdings payable	22,142	92,742	96,026
Louisiana mandated service charge	-0-	395	395
Vested sick pay payable	386,624	400,285	338,596
Accrued interest payable	<u>6,359</u>	<u>392</u>	<u>1,949</u>
Total	\$ <u>1,258,684</u>	\$ <u>1,303,896</u>	\$ <u>1,190,855</u>

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NOTE 8 - COMPENSATED ABSENCES

Employees of the District are entitled to paid time off (PTO) and sick days depending on job classification, length of service and other factors. It is impracticable to estimate the amount of accrued compensation for future unvested sick days and, accordingly, no liability has been recorded in the accompanying financial statements. Employees hired prior to April 1, 2000 are eligible for payment of accrued sick leave as a termination benefit. Employees hired after April 1, 2000 are not eligible for accrued sick leave as a termination benefit. However, for employees with over ten years of service, accrued paid time off and vested sick pay for employees hired prior to April 1, 2000 have been recorded as liabilities in the accompanying financial statements at employee earning rates in effect at the balance sheet date.

NOTE 9 - PENSION PLAN

The District administers and is trustee of a qualified defined contribution plan, Riverland Medical Center Money Purchase Pension Plan as authorized under Internal Revenue Code of 1986, Sections 401(a), 402(g) and other Code sections. An employee is 100% vested upon entry to the plan with retirement age being age 59 ½. Plan benefits include death and disability provisions and choice of four payment options upon retirement. Plan provisions may be amended by the plan trustee. The District contributes 6% of salaries to the plan. Employee mandatory contributions are 6% and employee voluntary contributions are up to 14%. Pension expense charged to operations was \$340,708, \$317,469, and \$330,997 in 2010, 2009 and 2008, respectively. Employee contributions for each fiscal year are summarized below:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Employee mandatory contributions	\$ 386,720	\$ 368,228	\$ 360,879
Employee voluntary contributions	<u>129,651</u>	<u>129,836</u>	<u>127,001</u>
Total	\$ <u>516,371</u>	\$ <u>498,064</u>	\$ <u>487,880</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term debt, including capital lease obligations, at September 30:

	September 30 <u>2009</u>	<u>Additions</u>	<u>Payments</u>	September 30 <u>2010</u>	Due Within <u>One Year</u>
Series 2003 bonds	\$ 242,859	\$ -0-	\$ 52,149	\$ 190,710	\$ 54,409
Capital lease obligations	481,266	776,999	257,958	1,000,307	232,983
Series 2010 bonds	-0-	325,000	-0-	325,000	325,000
Series 2009 bonds	200,000	-0-	200,000	-0-	-0-
Note payable	<u>13,597</u>	<u>-0-</u>	<u>10,247</u>	<u>3,350</u>	<u>3,350</u>
Total	\$ <u>937,722</u>	\$ <u>1,101,999</u>	\$ <u>520,354</u>	\$ <u>1,519,367</u>	\$ <u>615,742</u>

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NOTE 10 - LONG-TERM DEBT (Continued)

	September 30 2008	Additions	Payments	September 30 2009	Due Within One Year
Series 2003 bonds	\$ 292,842	\$ -0-	\$ 49,983	\$ 242,859	\$ 52,149
Capital lease obligations	607,961	75,959	202,654	481,266	150,873
Series 2008 bonds	200,000	-0-	200,000	-0-	-0-
Series 2009 bonds	-0-	200,000	-0-	200,000	200,000
Note payable	21,681	-0-	8,084	13,597	10,247
Total	\$ 1,122,484	\$ 275,959	\$ 460,721	\$ 937,722	\$ 413,269

	September 30 2007	Additions	Payments	September 30 2008	Due Within One Year
Series 2003 bonds	\$ 340,748	\$ -0-	\$ 47,906	\$ 292,842	\$ 49,983
Capital lease obligations	391,624	428,649	212,312	607,961	187,414
Series 2007 bonds	400,000	-0-	400,000	-0-	-0-
Series 2008 bonds	-0-	200,000	-0-	200,000	200,000
Note payable	-0-	27,170	5,489	21,681	8,800
Total	\$ 1,132,372	\$ 655,819	\$ 665,707	\$ 1,122,484	\$ 446,197

The following are the terms and due dates of the Hospital's long-term debt at September 30:

- Series 2003 Certificates of Indebtedness, at a 4.25% interest rate, due in variable annual installments with full repayment at January 20, 2014, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. Series 2003 Certificates of Indebtedness were issued for roof replacement.
- Capital leases at varying rates of imputed interest of 3.1% to 18.9%, with total monthly payments ranging from \$422 to \$11,083 until 2015, collateralized by leased equipment.
- Series 2007 Certificates of Indebtedness, at a 5.25% interest rate, due in one annual payment at March 1, 2008, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. Series 2007 Certificates of Indebtedness were issued for current expenses. Paid out March 1, 2008.
- Series 2008 Certificates of Indebtedness, at a 3.95% interest rate, due in one annual payment at March 1, 2009, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. The Hospital had borrowed \$200,000 of the \$500,000 certificate of indebtedness at September 30, 2008. Series 2008 Certificates of Indebtedness were issued for current expenses. Paid out March 1, 2009.
- Secured note payable at 8.00%, secured by surgery equipment due in monthly payments of \$851, paid out January 2011.

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NOTE 10 - LONG-TERM DEBT (Continued)

- Series 2009 Certificates of Indebtedness, at a 3.89% interest rate, due in one annual payment at March 1, 2010, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. The Hospital had borrowed \$200,000 of the \$500,000 certificate of indebtedness at September 30, 2009. Series 2009 Certificates of Indebtedness were issued for current expenses. Paid out March 1, 2010.
- Series 2010 Certificates of Indebtedness, at a 3.75% interest rate, due in one annual payment at March 1, 2011, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. The Hospital had borrowed \$325,000 of the \$500,000 certificate of indebtedness at September 30, 2010. Series 2010 Certificates of Indebtedness were issued for current expenses.

Scheduled principal and interest payments on long-term debt and capital leases are as follows:

<u>Year Ending September 30,</u>	<u>Long-Term Debt</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 262,396	\$ 10,090	\$ 150,873	\$ 26,578
2011	57,759	7,109	119,379	19,329
2012	56,767	4,695	112,076	11,372
2013	59,227	2,235	88,937	4,329
2014	<u>20,307</u>	<u>181</u>	<u>10,001</u>	<u>104</u>
Totals	\$ <u>456,456</u>	\$ <u>24,310</u>	\$ <u>481,266</u>	\$ <u>61,712</u>

NOTE 11 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Effective November 1, 2004, the District became a Medicare "Critical Access Hospital" (CAH). This designation enables the District to receive cost based reimbursement for most services provided to Medicare beneficiaries.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2008.

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NOTE 11 - NET PATIENT SERVICE REVENUE (Continued)

Medicaid - Inpatient acute services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The District is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been settled by the Medicaid intermediary through September 30, 2007.

Commercial - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The following is a summary of the Hospital's net patient service revenue for the year ended September 30:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gross patient service charges	\$ 30,964,565	\$ 27,537,469	\$ 27,305,265
Medicare and Medicaid contractual adjustments	(11,245,523)	(10,367,347)	(11,965,760)
Provision for bad debt	(4,943,540)	(3,214,905)	(2,414,301)
Uncompensated services	(66,528)	(81,056)	(270,393)
Uncompensated care reimbursement	1,049,848	646,834	1,503,169
Other	(3,132,549)	(3,432,692)	(2,405,526)
Net patient service revenue	<u>\$ 12,626,273</u>	<u>\$ 11,088,303</u>	<u>\$ 11,752,454</u>

The District generated a substantial portion of its charges from the Medicare and Medicaid programs at discounted rates. The following is a summary of gross Medicare and Medicaid patient charges for the years ended September 30, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Medicare and Medicaid gross patient charges	\$ 19,795,752	\$ 18,549,588	\$ 18,865,079
Contractual adjustments	<u>(10,195,675)</u>	<u>(9,720,513)</u>	<u>(10,462,591)</u>
Program patient service revenue	<u>\$ 9,600,077</u>	<u>\$ 8,829,075</u>	<u>\$ 8,402,488</u>
Percent of total gross patient revenue	<u>64%</u>	<u>67%</u>	<u>69%</u>
Percent of total net patient revenue	<u>76%</u>	<u>80%</u>	<u>71%</u>

The District received interim amounts of \$1,049,848, \$646,834 and \$1,503,169 for Medicaid and self-pay uncompensated care services (UCC) for the years ended September 30, 2010, 2009 and 2008, respectively, which represents 8.3%, 5.8% and 12.8% of net patient service revenue, respectively. The interim amounts received are based upon uncompensated cost incurred in previous years. Current regulations limit UCC to actual cost incurred by the District in each state fiscal year. Any overpayments will be recouped by Medicaid.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

NOTE 11 - NET PATIENT SERVICE REVENUE (Continued)

after audit by Medicaid. Management estimated the District was overpaid by \$62,293 and \$445,000 during fiscal years 2007 and 2008, respectively, and has made provisions for such recoupments. The provision for the overpayments is included in estimated third-party payor settlements. To the extent management's estimates differ from actual results, the differences will be used to adjust income for the period when differences arise. Future uncompensated cost payments are dependent upon state appropriations, which require annual approval by the state legislature. Should the state not fund or substantially change this program, it would have a significant impact on the District's revenue.

NOTE 12 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk.

The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

The District's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the District. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations of income and equity in the trust in its financial statements.

NOTE 13 - SALES TAX REVENUE

During the year ended September 30, 1985, the voters of the District passed a one-fourth cent sales tax for the operation and maintenance of the District, which was renewed for an additional ten years in 1995. An additional ten year renewal was approved by voters in January 2005. The sales tax is collected by the Concordia Parish School Board for a five percent collection fee.

NOTE 14 - SELF-FUNDED BENEFIT PLAN

The District maintains a self-funded medical/drug benefit plan. The District entered into an agreement on November 1, 1997, with a third-party administrator to administer the plan. The plan year runs from November 1 through October 31. The District purchases "excess" insurance coverage that provides for payment of claims over the \$50,000 specific deductible. For fiscal year 2008, the maximum liability could be \$1,033,940 with a named aggregating specific deductible of \$180,000 on two employees. For fiscal year 2009, the maximum liability could be \$1,950,000 with a named aggregating specific deductible of \$30,000. For fiscal year 2010,

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

NOTE 14 - SELF-FUNDED BENEFIT PLAN (Continued)

the maximum liability could be \$1,940,000 with a named aggregating specific deductible of \$30,000. Each plan year the amount of "excess" insurance coverage can change based on the claims processed during the plan year.

NOTE 15 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited. The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 11) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined. Further, in order to continue receiving reimbursement from the Medicare program, the District entered into an agreement with a government agent allowing the agent access to the District's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the District.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government healthcare program participating requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 12) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workers' Compensation Risk - The District participates in the Louisiana Hospital Association Self-Insurance Workers' Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund. The trust fund is also a "Grantor Trust" and income and expenses are pro rated to member hospitals. The District included these allocations of income and equity in the trust in its financial statements.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

NOTE 15 – CONTINGENCIES (Continued)

Litigation and Other Matters - Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 16 - CHARITY CARE

The District has a policy of providing charity care to indigent patients in emergency situations. The foregone charges of free care provided are \$66,528, \$81,056 and \$270,393 for the respective fiscal years ended in 2010, 2009 and 2008.

NOTE 17 - JOINT VENTURE

The District entered into a cooperative endeavor (i.e.: joint venture) with a home health company on July 15, 2000. The District shares one-third of the profits and leased space to this organization through March 31, 2007. The District's share of profits were \$47,455, \$111,496 and \$71,669 for fiscal years ended in 2010, 2009 and 2008, respectively. The District sold 23% of its minority interest on November 1, 2009 for \$326,317.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

During fiscal year 2010, an error in the classification of receivables between financial classes was discovered in the fiscal year 2009 aged trial balance. The result was an overstatement of receivables and operating income by \$735,000 for fiscal year 2009. Fiscal year 2009 allowances and receivables were restated with operating income and ending net assets being decreased by \$735,000. For fiscal year 2010 operating income and ending net assets were increased by \$735,000.

NOTE 19 - GOING CONCERN

As shown in the accompanying financial statements, the District has a current ratio of .83 as of September 30, 2010. This financial indicator combined with three of the last five years of negative earnings creates an uncertainty about the District's ability to continue as a going concern. The District has a \$356,260 loss in fiscal year 2010. In fiscal year 2009, \$1,508,433 in capital grants was received by the District. If this income was excluded from fiscal year 2009 income there would have been negative earnings of \$1,224,096. Management of the District has developed the following plan to reduce its receivables and expenses and return the District to a profitable position. The ability of the District to continue as a going concern is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if the District is unable to continue as a going concern.

- The Administrator is reviewing all departmental costs and has asked the department managers to decrease costs by 5%.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

NOTE 19 - GOING CONCERN (Continued)

- The Administrator has reorganized the leadership management group and combined job duties. Additionally, she has implemented a reduction in the work force to decrease the full time equivalent (FTE) personnel.
- As of March 1, 2011, the policy will be that employees will be required to use the "old vacation" and "old sick" time first in order to decrease the liability of these accrued hours.
- The Administrator is working to improve the overall image of the Hospital and to improve patient satisfaction.
- The Administrator is working on new services to bring to the Hospital.
- A new family practice physician will be on staff in about 15 months.
- The Administrator will be recruiting a new general surgeon and internist.
- The Ferriday Clinic is in the process of becoming certified as a Rural Health Clinic.
- The Hospital is applying for the electronic health records (EHR) meaningful use monies.
- The Administrator has contracted with an outside company to evaluate the business office processes and work with the Hospital to improve accounts receivable days.

NOTE 20 - SUBSEQUENT EVENT

Events have been evaluated through February 14, 2011, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Routine Services:			
Adult and pediatric	\$ 814,213	\$ 690,650	\$ 810,350
Swing bed	40,400	32,200	64,900
Intensive care	<u>499,850</u>	<u>521,700</u>	<u>657,800</u>
Total routine services	<u>1,354,463</u>	<u>1,244,550</u>	<u>1,533,050</u>
Other Professional Services:			
Operating room			
Inpatient	304,210	184,362	191,700
Outpatient	<u>1,116,284</u>	<u>998,438</u>	<u>570,050</u>
Total operating room	<u>1,420,494</u>	<u>1,182,800</u>	<u>761,750</u>
Recovery room			
Inpatient	32,700	17,850	21,350
Outpatient	<u>186,950</u>	<u>163,950</u>	<u>85,100</u>
Total recovery room	<u>219,650</u>	<u>181,800</u>	<u>106,450</u>
Anesthesia			
Inpatient	108,010	57,190	75,390
Outpatient	<u>327,488</u>	<u>366,170</u>	<u>374,280</u>
Total anesthesia	<u>435,498</u>	<u>423,360</u>	<u>449,670</u>
Radiology			
Inpatient	1,220,848	864,533	1,065,425
Outpatient	<u>7,060,072</u>	<u>5,273,222</u>	<u>4,734,936</u>
Total radiology	<u>8,280,920</u>	<u>6,137,755</u>	<u>5,800,361</u>
Laboratory			
Inpatient	1,647,066	1,595,191	1,644,877
Outpatient	<u>5,348,244</u>	<u>5,951,325</u>	<u>4,247,366</u>
Total laboratory	\$ <u>6,995,310</u>	\$ <u>7,546,516</u>	\$ <u>5,892,243</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Blood			
Inpatient	\$ 148,905	\$ 74,512	\$ 245,470
Outpatient	<u>14,166</u>	<u>39,961</u>	<u>129,647</u>
Total blood	<u>163,071</u>	<u>114,473</u>	<u>375,117</u>
Respiratory care			
Inpatient	2,074,180	1,693,194	2,376,719
Outpatient	<u>451,752</u>	<u>402,260</u>	<u>337,356</u>
Total respiratory care	<u>2,525,932</u>	<u>2,095,454</u>	<u>2,714,075</u>
IV therapy			
Inpatient	448,965	347,410	781,300
Outpatient	<u>162,493</u>	<u>198,971</u>	<u>415,522</u>
Total IV therapy	<u>611,458</u>	<u>546,381</u>	<u>1,196,822</u>
Physical & speech therapy			
Inpatient	228	1,514	3,074
Outpatient	<u>623,831</u>	<u>529,908</u>	<u>342,843</u>
Total physical & speech therapy	<u>624,059</u>	<u>531,422</u>	<u>345,917</u>
EKG and EEG			
Inpatient	33,393	51,919	133,451
Outpatient	<u>72,052</u>	<u>138,989</u>	<u>262,063</u>
Total EKG and EEG	<u>105,445</u>	<u>190,908</u>	<u>395,514</u>
Medical supply			
Inpatient	929,135	1,049,613	1,053,930
Outpatient	<u>848,623</u>	<u>1,416,566</u>	<u>1,408,610</u>
Total medical supply	\$ <u>1,777,758</u>	\$ <u>2,466,179</u>	\$ <u>2,462,540</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Pharmacy			
Inpatient	\$ 1,527,915	\$ 1,270,037	\$ 1,550,709
Outpatient	<u>1,008,371</u>	<u>954,402</u>	<u>983,786</u>
Total pharmacy	<u>2,536,286</u>	<u>2,224,439</u>	<u>2,534,495</u>
Wound care			
Inpatient	1,011	-0-	-0-
Outpatient	<u>1,062,638</u>	<u>-0-</u>	<u>-0-</u>
Total wound care	<u>1,063,649</u>	<u>-0-</u>	<u>-0-</u>
Emergency room			
Outpatient	<u>918,047</u>	<u>950,791</u>	<u>961,479</u>
Total emergency room	<u>918,047</u>	<u>950,791</u>	<u>961,479</u>
Emergency room physician fees			
Inpatient	123,954	84,049	-0-
Outpatient	<u>967,338</u>	<u>1,009,454</u>	<u>937,871</u>
Total emergency room physician fees	<u>1,091,292</u>	<u>1,093,503</u>	<u>937,871</u>
Monitor			
Inpatient	98,940	67,918	202,174
Outpatient	<u>206,192</u>	<u>2,842</u>	<u>6,860</u>
Total monitor	<u>305,132</u>	<u>70,760</u>	<u>209,034</u>
Clinics			
RMC Family Medicine No. 1	-0-	-0-	71,014
RMC Family Medicine No. 2	-0-	-0-	69,532
RMC Family Medicine No. 3	248,192	109,895	6,528
RMC Ferriday Clinic	<u>287,909</u>	<u>426,483</u>	<u>481,803</u>
Total clinics	<u>536,101</u>	<u>536,378</u>	<u>628,877</u>
Total other professional services	<u>29,610,102</u>	<u>26,292,919</u>	<u>25,772,215</u>
Gross patient service revenue	\$ <u>30,964,565</u>	\$ <u>27,537,469</u>	\$ <u>27,305,265</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Deductions from Revenue:			
Medicare and Medicaid contractual adjustments	\$ 11,245,523	\$ 10,367,347	\$ 11,965,760
Provision for bad debt	4,943,540	3,214,905	2,414,301
Uncompensated care reimbursement	(1,049,848)	(646,834)	(1,503,169)
Uncompensated services	66,528	81,056	270,393
Other	<u>3,132,549</u>	<u>3,432,692</u>	<u>2,405,526</u>
Total deductions from revenue	<u>18,338,292</u>	<u>16,449,166</u>	<u>15,552,811</u>
Net patient service revenue	\$ <u>12,626,273</u>	\$ <u>11,088,303</u>	\$ <u>11,752,454</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF OTHER REVENUE
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Meals sold to employees	\$ 51,392	\$ 48,290	\$ 41,260
Medical records revenue	12,170	10,418	12,174
Vending machine commissions	1,685	2,562	1,980
Home health joint venture payments	47,455	111,496	71,669
Miscellaneous revenue	<u>44,543</u>	<u>131,978</u>	<u>76,655</u>
 Total other revenue	 \$ <u>157,245</u>	 \$ <u>304,744</u>	 \$ <u>203,738</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF EXPENSES - SALARIES AND BENEFITS
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Administration	\$ 618,658	\$ 619,221	\$ 611,097
Plant operations and maintenance	240,236	189,212	141,346
Laundry	18,675	21,084	16,215
Housekeeping	99,536	91,294	95,455
Dietary and cafeteria	168,091	134,755	100,430
Medical records	179,427	179,825	170,520
Nursing services	1,070,263	1,119,050	1,082,118
Intensive care unit	600,091	666,749	682,970
Operating room	365,085	327,332	255,211
Anesthesiology	275,773	275,773	276,529
Radiology	457,692	450,782	416,373
Laboratory	495,610	492,625	468,744
Respiratory therapy	380,519	347,537	314,197
Central supply	74,009	71,564	70,196
Pharmacy	227,727	227,941	200,363
Emergency room	618,917	532,193	544,147
Clinics	<u>574,748</u>	<u>540,732</u>	<u>644,288</u>
 Total salaries	 <u>6,465,057</u>	 <u>6,287,669</u>	 <u>6,090,199</u>
 Payroll taxes	 84,571	 84,198	 78,773
Hospital insurance	606,740	636,233	537,283
Other	<u>14,623</u>	<u>6,683</u>	<u>9,935</u>
 Total benefits	 <u>705,934</u>	 <u>727,114</u>	 <u>625,991</u>
 Total salaries and benefits	 \$ <u>7,170,991</u>	 \$ <u>7,014,783</u>	 \$ <u>6,716,190</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF EXPENSES - MEDICAL SUPPLIES AND DRUGS
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Nursing services	\$ 44,728	\$ 42,639	\$ 48,506
Intensive care unit	20,398	19,152	8,554
Operating room	295,866	212,771	300,401
Anesthesiology	2,348	5,810	6,800
Radiology	18,362	41,713	53,129
Laboratory and blood	575,399	622,030	574,465
IV therapy	47,836	21,792	62,425
Respiratory therapy	52,333	40,611	50,258
Physical therapy	-0-	326	-0-
Central supply	-0-	38,190	131,539
Pharmacy	504,373	379,794	485,619
Emergency room	58,997	76,988	29,722
Clinics	14,150	8,749	12,717
	<u>1,634,790</u>	<u>1,510,565</u>	<u>1,764,135</u>
Total medical supplies and drugs	\$ <u>1,634,790</u>	\$ <u>1,510,565</u>	\$ <u>1,764,135</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF EXPENSES - PROFESSIONAL FEES
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating room	\$ 65,000	\$ 65,000	\$ 65,000
Ultrasound	71,731	57,719	65,995
Dialysis	5,066	20,546	12,750
Laboratory	24,000	24,000	17,000
Physical therapy	212,168	176,693	117,860
EKG	22,645	18,623	19,593
Wound care	325,150	-0-	-0-
Emergency room	<u>986,601</u>	<u>994,896</u>	<u>911,581</u>
 Total professional fees	 \$ <u>1,712,361</u>	 \$ <u>1,357,477</u>	 \$ <u>1,209,779</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF EXPENSES - OTHER EXPENSES
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contract services	\$ 89,668	\$ 133,760	\$ 129,731
Collection fees	61,389	64,199	62,902
Director fees	3,280	3,360	3,360
Legal and accounting	114,497	101,724	74,590
Supplies	304,694	294,368	309,561
Repairs and maintenance	306,070	379,639	335,282
Utilities	261,924	260,947	312,363
Telephone	63,082	65,015	59,491
Information technology	357,350	98,362	-0-
Travel	10,219	20,617	14,738
Rentals	36,284	33,246	35,805
Education	62,707	36,416	4,192
Advertising	49,862	44,540	41,885
Dues and subscriptions	126,295	124,906	136,832
Physician recruitment	55,831	55,523	-0-
Miscellaneous	<u>217,060</u>	<u>188,359</u>	<u>162,631</u>
Total other expenses	\$ <u>2,120,212</u>	\$ <u>1,904,981</u>	\$ <u>1,683,363</u>

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF PER DIEM AND OTHER
COMPENSATION PAID TO BOARD MEMBERS
YEARS ENDED SEPTEMBER 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Board Members:			
Mr. Theodore McCoy	\$ 360	\$ 480	\$ 480
Mr. Fred Butcher	480	480	480
Ms. Rena Pitts	480	480	480
Ms. Carolyn Magoun	480	480	480
Mr. Jim Graves	480	480	480
Mr. Larry Chauvin	480	480	480
Dr. Carrie Bonomo	120	480	480
Dr. Kevin Ingram	360	-0-	-0-
Mr. Fred Marsalis	40	-0-	-0-
	<hr/>	<hr/>	<hr/>
Totals	\$ <u>3,280</u>	\$ <u>3,360</u>	\$ <u>3,360</u>

**LESTER, MILLER & WELLS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Parishwide Hospital Service District
Parish of Concordia, State of Louisiana
(d/b/a Riverland Medical Center)
Ferryday, Louisiana

We have audited the financial statements of the Parishwide Hospital Service District of the Parish of Concordia, d/b/a Riverland Medical Center (the "District" or the "Hospital"), a component unit of the Concordia Parish Police Jury, as of and for the years ended September 30, 2010, 2009 and 2008, and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 2010-1, 2010-2, 2010-3, 2010-4, 2010-5, 2010-6, 2010-7, and 2010-8. Repeat findings from the prior years are 2010-4, 2010-5, 2010-6, 2010-7, and 2010-8.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under Governmental Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2010-09.

The Hospital's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Hospital's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Concordia Parish Police Jury, Board of Commissioners, management, and others within the organization and the office of the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Leif, M. & Wells

Certified Public Accountants
Alexandria, Louisiana
February 14, 2011



PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified - Yes
- Significant deficiencies identified - Yes

Compliance

- Noncompliance issues noted - Yes

Management letter issued - No

Federal Awards - Not applicable

Section II. Financial Statement Findings

FINDING 2010-1 - Revenues

Finding: Subsequent to the computer conversion in fiscal year 2009, various revenues have been posted in improper departments. Additionally, EKG revenues were not being recorded or billed. This effects the matching of revenue and expenses, decreases net income as well as influences the Medicare and Medicaid cost report results. Because the Hospital is reimbursed under a cost reimbursement methodology for Medicare and Medicaid services, these issues can be material to the reimbursement results of the cost report.

Recommendation: Revenues should be monitored on an ongoing basis to ensure completeness and correct posting to the general ledger. All revenues should be recorded and billed on a timely basis.

Response: The Administrator has informed the managers and employees of the issue of EKG's not being recorded or billed. A system of stickers for the EKG's has been implemented to capture these charges. Revenues will be monitored on an ongoing basis for completeness and correct posting to the general ledger.

Resolution: This matter has not been resolved.

FINDING 2010-2 - Allowances

Finding: Contractual and bad debt allowances were underestimated due to improper classification of receivables on the aged trial balance.

Recommendation: We recommend that additional financial classes be established on the aged trial balance to facilitate the categorizing of receivables and estimation of allowances. We suggest that monthly allowance calculations be made utilizing a model that mirrors the year end model.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section II. Financial Statement Findings (Continued)

FINDING 2010-2 - Allowances (Continued)

Response: The Financial Officer will use a model that mirrors the year end model to calculate the allowances on a monthly basis.

Resolution: This matter has not been resolved.

FINDING 2010-3 - Bad Debts

Finding: Balances due from patients were not timely sent to the collection agencies in accordance with stated policy. This slows collection on accounts and causes an inability to claim Medicare bad debts in a timely manner on the cost report

Recommendation: Medicare and other payor balances should be sent to the collection agencies on a monthly basis. Additionally, the collection agencies should return accounts to the Hospital on a consistent basis. This will allow a cycle to be established that will allow Medicare bad debts to be claimed on the cost report in a timely manner.

Response: Manager will review monthly bad debts to be sent to the collection agencies. Collection clerk will monitor returned accounts from the collection agencies on a monthly basis.

Resolution: This matter has not been resolved.

FINDING 2010-4 - Documentation

Finding: Documentation was missing in some administration expense reports.

Recommendation: All required documentation should be presented prior to payment of expense report. Documentation includes receipts totaling any travel advances received, business purpose and receipts for expenses listed on the expense report.

Response: The Administrator and Financial Officer will review all expense reports prior to payment to insure that proper documentation is attached and that the purpose is properly noted.

Resolution: This matter has not been resolved.

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section II. Financial Statement Findings (Continued)

FINDING 2010-5 - Draft of Financial Statements

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to ensure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the knowledge and/or resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the knowledge and/or resources necessary to internally prepare or review the auditors' preparation of the District's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Management has reviewed this comment and feels that the extreme cost to recruit and train personnel to perform these tasks would not be beneficial at this time. Management feels that personnel and training costs would greatly exceed CPA fees for this task.

Resolution: This matter has not been resolved.

FINDING 2010-6 - Segregation of Duties

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions. A system of internal control procedures requires that no one individual handle a transaction from its inception to its completion. While we recognize the Hospital may not be large enough to always permit segregation of duties, it is important that the Hospital be aware of this condition.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: The Hospital is aware of and evaluated this problem and concluded that it would not be cost beneficial or possible with the limited resources available to create a complete segregated duties environment. Due to limited staffing, management feels that close supervision of the personnel assigned to those tasks is the preferred solution. Management will continue to monitor the situation and segregate duties whenever possible.

Resolution: This matter has not been resolved.

PARISHWIDE HOSPITAL SERVICE DISTRICT
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d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section II. Financial Statement Findings (Continued)

FINDING 2010-7 - Cash

Finding: We found several issues regarding internal controls for cash and deposits. 1. Deposits for cash accounts were erroneously posted to the general ledger when either no deposit was made and the checks were outstanding or the deposit was actually made in the following month. 2. Checks were being held after signatures were obtained because of cash flow inadequacies. The holding of these checks created misstatements of cash and liability balances. 3. Outdated signature cards exist at the banks for the District's cash accounts. 4. The Flexible Benefits cash account has one person who writes and signs the checks. They also reconcile the bank statement with no oversight.

Recommendation: Educating staff, oversight by authorized personnel and following the District's internal control policies will aid in the prevention of incorrect postings and misstatements throughout the year. Checks should not be created until the liability or expense will actually be paid. Checks should be mailed the same day they are printed and signed. The staff member who has responsibility for the Flexible Benefits account should be removed from the signature card. Cash management of the District's resources should be a priority of management.

Response: Personnel will be educated. Checks will be mailed timely, the staff member will be removed from authorized signers, signature cards will be updated and more management oversight will be implemented.

Resolution: This finding has been resolved.

FINDING 2010-8 - Accounts Receivable

Finding: We found problems in the timely billing, follow-up, collection, and valuation of accounts receivable. 1. Commercial insurance denials were not being worked timely. This resulted in a number of claims exceeding the statute of limitations for re-billing and payment. 2. Numerous accounts are being returned by the postal service due to incorrect addresses. These incorrect addresses are not being researched, updated, and re-billed timely. The audit revealed accounts totaling approximately \$90,000 with incorrect addresses. 3. The allowance established for uncollectible commercial insurance and self-pay accounts is not adequate.

Recommendation: Commercial insurance accounts should be billed timely and denials should be worked timely. Failure to correct and re-bill denied claims timely could result in ultimate denial of the claim due to exceeding the statute of limitations. The admitting office staff should be educated on ways to gather and confirm accurate patient information upon admission. Allowances should be established that actually reflect historical collectibility of commercial and self-pay accounts. Management should consider alternative methods of collection such as, outsourcing self-pay collections immediately, auditing commercial claims for accuracy of information before filing, and vigorously pursuing collection of all receivables to prevent the growth of accounts receivable and improve cash flow of the District.

Response: Administrator will review aging accounts receivable reports to insure third-party claims are filed and collected in a timely manner. Collection procedures will be reviewed.

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SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section II. Financial Statement Findings (Continued)

FINDING 2010-8 - Accounts Receivable (Continued)

Resolution: The Hospital has made progress in resolving these problems. Addresses are being researched and corrected. These matters have been partially resolved.

FINDING 2010-9 COMPLIANCE - Contracts

Finding: We found contracts that did not include all necessary signatures. Also, contracts were not being reviewed on an annual basis and some payments were made which were not in accordance with contract terms.

Recommendation: All contracts should be signed by all parties involved. Payments should be made based on the contract terms and contracts should be reviewed annually.

Response: All contracts are being reviewed by a legal firm that specializes in healthcare law. The contracts will be updated and all will be signed. The contracts will be reviewed on an annual basis and the payments will be made based on the terms of the contracts.

Resolution: This matter has not been resolved.

Section III. Federal Award Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section I. Financial Statement Findings

2009-2

Fiscal Year Initially Reported: September 30, 2009

Finding: Documentation was missing in some administration expense reports.

Recommendation: All required documentation should be presented prior to payment of expense report. Documentation includes receipts totaling any travel advances received, business purpose of travel and receipts for expenses listed on the expense report.

Response: The Administrator and Financial Officer will review all expense reports prior to payment to insure that proper documentation is attached and that the purpose is properly noted.

Resolution: Not resolved - See finding 2010-4

2009-5

Fiscal Year Initially Reported: September 30, 2007

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to ensure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the knowledge and/or resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the knowledge and/or resources necessary to internally prepare or review the auditors' preparation of the District's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Management has reviewed this comment and feels that the extreme cost to recruit and train personnel to perform these tasks would not be beneficial at this time. Management feels that personnel and training costs would greatly exceed CPA fees for this task.

Resolution: Not resolved - See finding 2010-5

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section I. Financial Statement Findings (Continued)

2009-6

Fiscal Year Initially Reported: September 30, 2007

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: Due to limited staffing with the technical skills to perform these duties management feels that close supervision of the personnel assigned to those tasks is the preferred solution. Administration will continue to monitor these tasks on a daily basis.

Resolution: Not resolved - See Finding 2010-6

2009-7

Fiscal Year Initially Reported: September 30, 2006

Finding: We found several issues regarding internal controls for cash and deposits. 1. Deposits for cash accounts were erroneously posted to the general ledger when either no deposit was made and the checks were outstanding or the deposit was actually made in the following month. 2. Checks were being held after signatures were obtained because of cash flow inadequacies. The holding of these checks created misstatements of cash and liability balances. 3. Outdated signature cards exist at the banks for the District's cash accounts. 4. The Flexible Benefits cash account has one person who writes and signs the checks. They also reconcile the bank statement with no oversight.

Recommendation: Educating staff, oversight by authorized personnel and following the District's internal control policies will aid in the prevention of incorrect postings and misstatements throughout the year. Checks should not be created until the liability or expense will actually be paid. Checks should be mailed the same day they are printed and signed. The staff member who has responsibility for the Flexible Benefits account should be removed from the signature card. Cash management of the District's resources should be a priority of management.

Response: Personnel will be educated. Checks will be mailed timely, the staff member will be removed from authorized signers, signature cards will be updated and more management oversight will be implemented.

Resolution: Not resolved - See Finding 2010-7

PARISHWIDE HOSPITAL SERVICE DISTRICT
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

Section I. Financial Statement Findings (Continued)

2009-8

Fiscal Year Initially Reported: September 30, 2006

Finding: We found problems in the timely billing, follow-up, collection, and valuation of accounts receivable. 1. Commercial insurance denials were not being worked timely. This resulted in a number of claims exceeding the statute of limitations for re-billing and payment. 2. Numerous accounts are being returned by the postal service due to incorrect addresses. These incorrect addresses are not being researched, updated, and re-billed timely. The audit revealed accounts totaling approximately \$90,000 with incorrect addresses. 3. The allowance established for uncollectible commercial insurance and self-pay accounts is not adequate.

Recommendation: Commercial insurance accounts should be billed timely and denials should be worked timely. Failure to correct and re-bill denied claims timely could result in ultimate denial of the claim due to exceeding the statute of limitations. The admitting office staff should be educated on ways to gather and confirm accurate patient information upon admission. Allowances should be established that actually reflect historical collectibility of commercial and self-pay accounts. Management should consider alternative methods of collection such as, outsourcing self-pay collections immediately, auditing commercial claims for accuracy of information before filing, and vigorously pursuing collection of all receivables to prevent the growth of accounts receivable and improve cash flow of the District.

Response: Administrator will review aging accounts receivable reports to insure third-party claims are filed and collected in a timely manner. Collection procedures will be reviewed.

Resolution: Not resolved - See Finding 2010-8

Section II. Federal Award Findings and Questioned Costs

Not applicable

Section III. Management Letter

Not applicable